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BDO Canada Limited
1 City Centre Drive, Suite 1040
Mississauga ON L5B 1M2 Canada

DISTRICT OF ONTARIO
DIVISION NO. 9 - Mississauga

COURT NO: 32-1859238
ESTATE NO: 32-1859238

COURT NO: 32-1859237
ESTATE NO: 32-1859237

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE PROPOSAL OF
1268549 ONTARIO INC.
OF THE CITY OF BRAMPTON,
IN THE REGIONAL MUNICIPALITY OF PEEL,
IN THE PROVINCE OF ONTARIO.**

and

**IN THE MATTER OF THE PROPOSAL OF
LEIDER PROPERTIES INC.
OF THE CITY OF BRAMPTON,
IN THE REGIONAL MUNICIPALITY OF PEEL,
IN THE PROVINCE OF ONTARIO.**

REPORT OF TRUSTEE ON PROPOSAL

**TO THE CREDITORS OF
1268549 ONTARIO INC. AND LEIDER PROPERTIES INC.**

1268549 Ontario Inc. ("HoldCo") and Leider Properties Inc. ("LeiderCo") (collectively referred to as the "Corporation") filed a Notice of Intention to Make a Proposal ("NOI") under the *Bankruptcy and Insolvency Act* ("BIA") on the 11th day of April, 2014 with the Official Receiver, and BDO Canada Limited agreed to act as Trustee in the administration of their respective proposal administrations.

The Corporation filed a Proposal with the Official Receiver on the 10th day of October, 2014.

We enclose herewith the following documents:

- Formal notice of meeting of creditors;
- Copy of the Proposal;
- Condensed statements of assets and liabilities;
- Listing of creditors;
- A proof of claim form and general proxy;

- An election form relating to the available dividend option; and
- A voting letter in the event you wish to vote in advance of the meeting.

A creditors' meeting will be held to consider the Proposal on the 31st day of October, 2014 at 1:30 p.m. at the offices of BDO Canada Limited, 1 City Centre Drive, Suite 1040, Mississauga, Ontario.

In order to be eligible to vote, either at or before the meeting, the Trustee must receive before the meeting a properly executed proof of claim, together with your Statement of Account, attached thereto as Schedule "A". Also, if you intend to have an individual represent you at the upcoming meeting, you must properly complete the Proxy form attached to the Proof of Claim, and therein name the individual representing you. All corporations must name a proxy. For your convenience, you may vote in advance of the meeting by returning to us the attached voting letter.

The following information is provided to assist the creditors in evaluating the Corporation's affairs and the Proposal. Please note that we have not audited or reviewed the Corporation's books and records and, as a result, we are not able to express an opinion concerning the accuracy of the information contained herein. The following information originated from the Corporation's books and records that were made available to us, as well as from our discussions with management.

BACKGROUND

HoldCo, LeiderCo, and 733907 Ontario Ltd. o/a European Quality Meats & Sausages ("European") each filed an NOI on April 11, 2014. BDO Canada Limited was named as the Trustee ("Trustee") in each of the proposal proceedings.

European carried on business as a manufacturer and seller of meat products to the food services industry. European operated from premises owned by HoldCo and utilized equipment owned by HoldCo in its operations. During the NOI, European conducted a marketing and sale process for its assets and operations. On August 29, 2014, European received court approval to enter into and complete a transaction for the sale of the majority of its assets and operations to a third party. European successfully completed the transaction on September 26, 2014 and ceased operations as at that date.

FINANCIAL POSITION AND CAUSES OF DIFFICULTY

As mentioned, HoldCo owns various assets which European utilized as part of its operations. HoldCo's remaining assets include the following:

- Land and building located at 14 Westwyn Court, Brampton (the "Brampton Real Property");
- Land and building located at 16-18 Jutland Road, Toronto (the "Etobicoke Real Property");
- Various machinery and equipment located at the Etobicoke Real Property; and
- Intercompany amounts due from European totalling \$1.96 million.

LeiderCo has no assets. LeiderCo's sole function is to hold legal title of both the Brampton Real Property and the Etobicoke Real Property as bare trustee for the benefit of HoldCo.

The Corporation is currently insolvent as it cannot meet its obligations in the ordinary course. Management attributes the Corporation's insolvency to the following:

- As a holding company, HoldCo's primary source of revenue was rental income generated from European. HoldCo's revenue stream ended with the sale and cessation of European's assets and operations;
- The intercompany amounts due from European have no realizable value. The sale proceeds generated from the sale of European's assets and operations were not sufficient to fully satisfy the claim of various secured creditors ranking in priority to that of HoldCo. As such, HoldCo will not realize any recovery on its loans to European;
- LeiderCo has no operations and was entirely dependent on European for the payment of any expenses it incurred.

As a result, the Corporation filed a Proposal under the BIA.

SUMMARY OF PROPOSAL

The Corporation will proceed to list and sell the Brampton Real Property and Etobicoke Real Property as well as the remaining machinery and equipment located at the Etobicoke Real Property for the benefit of all creditors. The Corporation's management will be actively involved in this process so as to ensure an orderly liquidation is conducted. The net proceeds from such sales shall be paid to the Trustee for distribution to the unsecured creditors (up to the amount of their respective claims) after payment of all costs including real estate commission, payments to secured creditors, and the Administrative Fees and Expenses. Any remaining net proceeds will be returned to the Corporation.

Under the terms of the Proposal, creditors will be paid as follows:

- All Secured Creditors shall not be affected by the Proposal and shall be entitled to repayment in full of all funds owing to them in accordance with the existing arrangements between the Corporation and those Secured Creditors, or as may be arranged between the Corporation and the Secured Creditors. The Secured Creditors include Bank of Montreal ("BMO"), Harbour First Mortgage Fund GP Inc. ("Harbour"), Morris Leider, Dina Leider, 1318792 Ontario Ltd. ("1318"), and the beneficiaries of the Administration Charge (defined in and created pursuant to the Order of the Honourable Mr. Justice Penny dated May 6, 2014, as amended by the Order of the Honourable Mr. Justice Pattillo dated August 29, 2014) being the Trustee; Cassels, Brock & Blackwell LLP, as counsel for the Trustee; Davis LLP, as counsel for the Corporation; and Gilmore & Corporation LLP, as accountant to the Corporation (collectively referred to as the "Professional Group");
- Canada Revenue Agency shall receive payment in full, without interest, within six months of the Court Approval for the amount owing for unremitted payroll source deductions. Unremitted payroll source deductions includes income tax withheld, the employer and employees' portion of Canada Pension Plan contributions and Employment Insurance premiums, as well as any related interest, penalties, or other amounts;
- The Administrative Fees and Expenses will be paid in priority to all creditors' claims;

- Preferred Creditors will be paid in full in priority to Ordinary Creditors, immediately after Court approval;
- Post-filing obligations will be paid in full in the ordinary course of business or on existing terms or arrangements;
- Unsecured Creditors will receive, in full and final settlement of their proven ordinary claims, their respective pro rata share of the balance of the funds available for distribution up to the amount of their respective proven claims;
- Any remaining proceeds shall be returned to the Corporation;
- All payments to creditors are subject to a levy payable to the Superintendent of Bankruptcy pursuant to section 147 of the BIA, calculated at 5 percent.

Under the Proposal, all creditors agree not to pursue any assessments or claims against the Corporation's directors for liabilities of the Corporation that arose on or before the Date of Filing where the directors can be held personally liable.

Upon issuance of all payments provided for in this Proposal, the Trustee shall be entitled to be discharged from its obligations under the terms of this Proposal.

If the statutory majority of creditors and the Court approve the Proposal, the Proposal will become legally binding on the Corporation and all Ordinary and Preferred Creditors. If the creditors reject the Corporation's Proposal, the Corporation will be deemed to have filed an assignment in bankruptcy.

IDENTIFICATION AND EVALUATION OF ASSETS

The Trustee identified the following assets:

Accounts receivable and other receivables

The Corporation has two specific receivables:

- An amount due from European totalling approximately \$1.96 million; and
- An HST refund of approximately \$35,000.

As previously noted, European successfully completed a sale of the majority of its assets and operations on September 26, 2014 and ceased operations as at that date. The sale proceeds generated from the sale of European's assets and operations were not sufficient to fully satisfy the claim of various secured creditors ranking in priority to that of HoldCo. As such, HoldCo will not realize any recovery on its loans to European. Accordingly, this amount does not have any realizable value.

HoldCo filed a Harmonized Sales Tax return for the month of September 2014 which indicates it is entitled to an HST refund totalling approximately \$35,000. The Proposal Trustee is not aware of any liabilities owed by the Corporation to Canada Revenue Agency which would potentially set off or reduce the amount of the expected refund.

Machinery, equipment, and plant

The Corporation owns various machinery and equipment located at the Etobicoke Real Property. The machinery and equipment consists of miscellaneous meat processing equipment (i.e. meat grinder, sausage filler, smokers, etc.) as well as miscellaneous restaurant (i.e. deep fryers, preparation tables, warmers, etc.) and retail equipment (i.e. product display cases, meat slicers, cash registers, etc.) The net book value of the above equipment is approximately \$180,000.

In May 2014, the Corporation's management retained Platinum Asset Appraisals, a qualified appraiser, to provide a liquidation value of the above equipment. The appraiser estimated the forced liquidation value of the equipment at \$160,500.

Real property

As previously stated, the Corporation is the owner of the Brampton Real Property and Etobicoke Real Property.

The Corporation retained Colliers Macaulay Nicolls (Ontario) Inc. ("Colliers") to list and market the Brampton Real Property in September 2014. Colliers has a dedicated team which specializes in marketing food processing facilities. The current list price is \$8,795,000.

Similarly, the Corporation retained Royal LePage Supreme Realty Brokerage ("LePage") to list and market the Etobicoke Real Property in September 2014 although the listing agreement has since expired. The list price was \$3,750,000. The listing agreement was entered into in order to facilitate an informal expression of interest in the Etobicoke Real Property by one of LePage's clients. An offer did not materialize. Management will likely relist the Etobicoke Real Property in the near future.

SECURED CREDITORS' CLAIMS

There are a number of encumbrances registered against the Corporation's assets, summarized as follows:

- BMO holds a general security agreement dated September 14, 2010 delivered to it by HoldCo, together with collateral mortgages against the Brampton Real Property and the Etobicoke Real Property in the registered amount of \$5.00 million as security for a limited guarantee in the amount of \$4.00 million given by HoldCo to BMO for the indebtedness of European. BMO has been repaid in full from the proceeds generated from the sale of European's assets and operations. BMO subsequently discharged its registered interests under both the Personal Property Security Registry and the Land Titles Registry;
- Harbour, which acts as mortgagee to HoldCo. Harbour holds, among other things, collateral mortgages against the Brampton Real Property and the Etobicoke Real Property and a general security agreement dated December 19, 2013 delivered to it by HoldCo. Harbour advises the Trustee that as at October 6, 2014, it is owed \$3.75 million (plus any accrued interest and legal fees of \$14,743.11) from HoldCo;
- The Administration Charge in favour of the Professional Group. Pursuant to the Order of Justice Penny dated May 6, 2014 (and as amended by the Order of the Honourable Mr. Justice Patillo dated August 29, 2014), the Administration Charge was granted in favour of the Professional Group to a maximum amount of \$800,000. The Administration Charge

extends over all of the assets of European and the Corporation including all real and personal property. The Professional Group received partial payment from the proceeds generated from the sale of European's assets and operations. The remaining balance under the Administration Charge totals about \$310,000. Note that the aggregate amounts outstanding and payable to the Professional Group totals approximately \$386,000;

- Morris and Dina Leider, the beneficiaries of an approved priority charge (the "DIP Charge"). Pursuant to the Order of Justice Pattillo dated August 29, 2014, the DIP Charge was granted in favour of Morris and Dina Leider to a maximum amount of \$1.00 million. The DIP Charge extends over all of the assets of European and the Corporation including all real and personal property to secure repayment of the DIP Loan. Although Morris and Dina Leider advanced \$800,000 under the terms of the DIP Loan, \$600,000 was advanced prior to the issuance of the authorizing court order. As such, in accordance with Section 50.6(1) of the BIA, such advances are not secured by the DIP Charge. Accordingly, the DIP Charge is limited to \$200,000 (plus interest and fees payable in accordance with the DIP Loan);
- Morris Leider and Dina Leider each hold a general security agreement dated March 8, 2012 delivered to them by HoldCo. The general security agreement includes a floating charge over all of HoldCo's assets including its real property but has not been registered on title to any of HoldCo's lands. Morris Leider and/or Dina Leider have lent \$829,000 to HoldCo. Additionally, Morris and Dina Leider lent an additional \$800,000 jointly and severally to European and HoldCo pursuant to the DIP Loan. A charge over the Brampton Real Property and Etobicoke Real Property in the principal amount of \$1,000,000 has been registered in favour of Morris and Dina Leider;
- 1318 lent \$657,000 to HoldCo on a secured basis. 1318 holds a general security agreement dated March 14, 2014 delivered by Holdco in support of its loans. The general security agreement includes a floating charge over all of Holdco's assets including its real property but has not been registered on title to any of Holdco's lands.

The Trustee requested Cassels Brock & Blackwell LLP ("Cassels") to provide a legal opinion on the validity and enforceability of security documents held by the above-named secured creditors, excluding BMO, the Administration Charge, and DIP Charge. Cassels has not yet provided its opinion for security documents held by Harbour but will do so before the date of the creditors meeting. With respect to Morris and Dina Leider, and 1318 (the "Secured Parties"), Cassels has advised the Trustee that, subject to certain qualifications and conditions, it is of the opinion that the security granted by the Corporation in favour of the Secured Parties constitutes a legal, valid and binding obligation of the Corporation, and is enforceable against the personal property of the Corporation. The charges created by the general security agreements must be registered under the Land Titles Registry to be enforceable against real property but do create valid and enforceable security over any proceeds held by HoldCo from a sale of real property.

CONDUCT OF THE CORPORATION

Under the terms of the Corporation's proposal, Section 91 through and including section 101 of the BIA, which relate to settlements, preferences, and transactions at undervalue, do not apply to this Proposal.

As noted above, HoldCo provided a general security agreement to 1318 in 2014 as security for outstanding advances previously provided by 1318 to HoldCo. The provision of such security could be challengeable by a creditor or a trustee in bankruptcy as a potential preference or transfer at undervalue. The legal opinion provided by Cassels did not address or extend to



potential preferences or potential transfers at undervalue.

PREVIOUS BUSINESS DEALINGS WITH THE DEBTOR

BDO Canada Limited acts as the Trustee in the proposal administration of the Corporation. In addition, BDO Canada Limited also acts as:

- Trustee under the NOI filed by European and the subsequent bankruptcy administration; and
- The court-appointed receiver over the sale proceeds generated from the sale of European's assets and operations as well as other cash receipts.

TRUSTEE'S RECOMMENDATION TO CREDITORS

The Trustee has not prepared a schedule of estimated realization given that the selling prices of the real estate properties are difficult to estimate at this time. Nonetheless, the Proposal scenario provides a number of advantages to all creditors:

- The Corporation is permitted to oversee the liquidation of its remaining assets on an orderly basis, thereby maximizing the recovery from such assets. Management is of the view that the alternative, the marketing and sale of the real properties under a power of sale or other type of enforcement proceedings would generate substantially lower offers;
- The proposal avoids unnecessary professional costs associated with a power-of-sale or other type of enforcement proceedings; and
- The Corporation and/or its shareholder(s) intend to maintain the mortgage payments and other carrying costs of the real properties (i.e. insurance, property tax, and utilities) during the liquidation process.

If the Proposal is rejected, the Corporation will automatically be deemed bankrupt. In that scenario, one or more secured creditors may initiate a power of sale or other type of enforcement proceedings to realize upon their security.

Based on all of the information that has come to the Trustee's attention to date, the Trustee recommends that Ordinary Creditors accept the Corporation's Proposal as it provides for a greater likelihood of a better recovery than what could be reasonably expected in a bankruptcy scenario.

Dated at Mississauga, Ontario this 17th day of October, 2014.

BDO CANADA LIMITED
Proposal Trustee
1 City Centre Drive, Suite 1040
Mississauga, Ontario
L5B 1M2



Tel: 905 615 8787
Fax: 905 615 1333
www.bdo.ca

BDO Canada Limited
1 City Centre Drive, Suite 1040
Mississauga ON L5B 1M2 Canada

District of: Ontario
Division No. 09 - Mississauga
Court No. 32-1859238
Estate No. 32-1859238

FORM 92
Notice of Proposal to Creditors
(Section 51 of the Act)
1268549 ONTARIO INC.
OF THE CITY OF BRAMPTON,
IN THE REGIONAL MUNICIPALITY OF PEEL,
IN THE PROVINCE OF ONTARIO.

Take notice that 1268549 Ontario Inc. of the City of Brampton in the Province of Ontario has lodged with us a proposal under the Bankruptcy and Insolvency Act.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.

A general meeting of the creditors will be held at 1 City Centre Drive, Mississauga, ON on the 31st day of October 2014 at 1:30 PM.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to the commencement of the meeting.

Dated at the City of Mississauga in the Province of Ontario, this 17th day of October 2014.

BDO Canada Limited / BDO Canada Limitée - Trustee



1 City Centre Drive Suite 1040
Mississauga ON L5B 1M2
Phone: (905) 615-8787 Fax: (905) 615-1333

(A form of proof of claim, a form of proxy and a voting letter should be enclosed with each notice.)



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Mississauga
Court No. 32-1859238
Estate No. 32-1859238

In the Matter of the Proposal of:

1268549 Ontario Inc.
Debtor

BDO CANADA LIMITED / BDO CANADA LIMITÉE
Trustee

Date of Proposal:	October 10, 2014	Security:	\$
Meeting of Creditors:	October 31, 2014, 13:30 1040 - 1 CITY CENTRE DRIVE MISSISSAUGA, Ontario Canada,		
Chair:	Trustee		

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that:

- a proposal in respect of the aforementioned debtor was filed under section 62 of the *Bankruptcy and Insolvency Act*.

The aforementioned trustee is required:

- to provide to me, without delay, security in the aforementioned amount; and
- to send to all creditors, at least ten days prior to the meeting, a notice of a meeting of creditors, which will be held at the aforementioned time and place.

Date: October 15, 2014, 10:03

E-File/Dépôt Electronique

Official Receiver

Federal Building - Hamilton, 55 Bay Street N, 9th Floor, Hamilton, Ontario, Canada, L8R3P7, (877)376-9902

Canada

District of: Ontario
Division No.: 09-Mississauga

Court No.: 32-1859238
Estate No.: 32-1859238

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**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE PROPOSAL OF 1268549 ONTARIO INC., IN THE CITY OF BRAMPTON, IN
THE REGIONAL MUNICIPALITY OF PEEL, IN THE PROVINCE OF ONTARIO**

- and -

**IN THE MATTER OF THE PROPOSAL OF LEIDER PROPERTIES INC., IN THE CITY OF BRAMPTON,
IN THE REGIONAL MUNICIPALITY OF PEEL, IN THE PROVINCE OF ONTARIO**

PROPOSAL

October 10, 2014

1268549 ONTARIO INC. ("**HoldCo**"), AND LEIDER PROPERTIES INC. ("**LeiderCo**") (hereinafter collectively referred to as the "**Corporation**") hereby submits the following Proposal under the provisions of the *Bankruptcy and Insolvency Act*.

Definitions

1. In this Proposal:

- (a) "**Act**" means the *Bankruptcy and Insolvency Act (Canada)* as it may be amended from time to time.
- (b) "**Administrative Fees and Expenses**" means:
 - (i) the proper fees and expenses of the Trustee incidental to the preparation and facilitation of the Proposal and any amendments thereto, including its legal fees and disbursements; and
 - (ii) the legal fees and disbursements incurred by the Corporation, incidental to the preparation and facilitation of the Proposal and any amendments thereto, and those of the Trustee on and incidental to negotiations in connection with the

acceptance and approval of the Proposal, court proceedings relating to this Proposal and the transactions and agreements contemplated hereby, including advice to the Corporation.

- (c) **"Approval"** means the approval of the Proposal by the statutory majorities of the creditors under the Act and by the Court pursuant to a final and enforceable order which has become final as a result of the appeal period having expired without there having been an appeal, or an appeal having been lodged and the order approving the Proposal having been confirmed or the appeal withdrawn or dismissed.
- (d) **"Approval Date"** means the date upon which the Approval occurs.
- (e) **"Approval Order"** means the Court order(s) made under this Proposal approving the Proposal and directing the implementation of the Proposal.
- (f) **"Brampton Real Property"** means the lands and premises owned by the Corporation known municipally as 14 Westwyn Court in Brampton, Ontario.
- (g) **"Claim"** means any right of any Person against the Corporation in connection with any indebtedness, liability or obligation of any kind owed by the Corporation and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, not matured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim of contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, and any indebtedness, liability or obligation of any kind arising out of the repudiation, restructuring or termination of any contract, lease, license, equipment lease, employment relationship or other agreement after the Filing Date, or any claims that may arise under any contract, lease, license, equipment lease, employment relationship or other agreement which may arise as a result of the insolvency of the Corporation, including any other indebtedness, liability or obligation of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the Act.
- (h) **"Claims Bar Date"** shall mean the date which is 30 days after the Approval Date.



- (i) **"Closing"** means the unconditional completion of a sale of the Brampton Real Property and the Etobicoke Real Property or either one of them.
- (j) **"Court"** means the Ontario Superior Court of Justice, in Bankruptcy and Insolvency or the Ontario Superior Court of Justice, as applicable.
- (k) **"Creditors"** means any person having a Claim.
- (l) **"Creditor's Meeting"** means the special meeting of the unsecured creditors called for the purpose of considering and voting upon the proposal.
- (m) **"Creditor's Meeting Date"** means 1:30 p.m. on October 31, 2014, or such other date and time as may be called by the Trustee, but in any event shall be no later than twenty-one (21) days following the date of this Proposal.
- (n) **"Distribution Date"** means those dates selected by the Trustee, in its sole discretion, as soon as practical following the later of:
 - (i) the date on which all disputed claims, if any, have been finally determined; or
 - (ii) a Closing.
- (o) **"Etobicoke Real Property"** means the lands and premises owned by the Corporation known municipally as 16-18 Jutland Road in Toronto, Ontario and the equipment owned by the Corporation located thereon.
- (p) **"Filing Date"** means April 11, 2014, being the date upon which the Corporation filed its Notice of Intention to Make a Proposal under the Act.
- (q) **"Inspectors"** means the Inspectors described in paragraph 12 hereof.
- (r) **"Maximum Dividend Amount"** means the sum total of all Proven Claims.
- (s) **"Net Sale Proceeds"** means the proceeds from the sale of the Brampton Real Property and the Etobicoke Real Property or either one of them after deducting all costs in connection with the sale including but not limited to all real estate commission due, legal fees incurred, closing adjustments and other payments in connection with the sale and after deducting all amounts required to be paid to each



of the Unaffected Secured Creditors in order to obtain a release or discharge of its respective interest in the land being sold.

- (t) **"Performance of the Proposal"** means the payment of all amounts to be paid to the Trustee for distribution to Creditors in respect of Claims and the implementation of all other provisions of this Proposal.
- (u) **"Person"** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted.
- (v) **"Post-Filing Claim"** means any Claim resulting from an obligation incurred by the Corporation in the normal course of business of the Corporation in respect of goods or services supplied to the Corporation after the Filing Date, and extends to the following:
 - (i) amounts owing to the Trustee and its solicitors and the Corporation's solicitors, consultants and financial advisors; and
 - (ii) the federal or provincial Crown for amounts owed in respect of federal, provincial or state sales or excise taxes collected subsequent to the Filing Date, or amounts owing in respect of source deductions on account of employee income tax, Canada Pension Plan contributions and Employment Insurance premiums arising subsequent to the Filing Date.
- (w) **"Preferred Claim"** means a Claim for which Section 136 of the Act prescribes payment in priority to ordinary Unsecured Claims.
- (x) **"Preferred Creditor"** means a Creditor of the Corporation having a Preferred Claim.
- (y) **"Proposal"** means this Proposal dated October 10, 2014.
- (z) **"Proposal Proceeds"** means the aggregate sum of the Net Sale Proceeds.
- (aa) **"Proven Claim"** means any Claim in respect of which a proof of claim:
 - (i) has been filed with and allowed by the Trustee; or

- (ii) has been filed with the Trustee and valued or determined in accordance with the provisions of the Act;

provided however, that a Proven Claim shall not include a Claim:

- (i) by any Person who has received written notification from the Trustee that the Claim has not been filed on a timely basis; or
 - (ii) in respect of which a proof of claim has not been filed within 30 days of the date on which the Trustee mailed to the Creditor having such Claim a notice pursuant to Section 149 of the Act.
- (bb) **"Released Parties"** means each and every present and former director of the Company, and their respective successors and assigns, in accordance with Section 50(13) of the Act.
 - (cc) **"Secured Creditors"** means Persons holding a valid and registered or perfected mortgage, charge or security interest over any of the assets of the Corporation.
 - (dd) **"Trustee"** means BDO Canada Limited or its duly appointed successor or successors, in its capacity as Trustee under the Proposal, and not in its personal capacity, and without any personal or corporate liability.
 - (ee) **"Unaffected Secured Creditors"** means Bank of Montreal, Harbour First Mortgage Fund GP Inc., Morris Leider, Dina Leider and 1318792 Ontario Ltd. and shall also include the beneficiaries of the Administration Charge (defined in and created pursuant to the Order of the Honourable Mr. Justice Penny dated May 6, 2014, as amended by the Order of the Honourable Mr. Justice Patillo dated August 29, 2014) being the Trustee, Cassels, Brock & Blackwell LLP, as counsel for the Trustee, Davis LLP, as counsel for the Corporation, and Gilmore & Company LLP, as accountant to the Corporation.
 - (ff) **"Unsecured Creditor"** means any Creditor, other than Unaffected Secured Creditors, Preferred Creditors and Secured Creditors whose Claims arose by:
 - (i) reason of the supply of goods or services to or for the account of the Corporation prior to the Filing Date;

- (ii) whose Claims arose by reason of the loaning of money to the Corporation on an unsecured basis;
 - (iii) in the case of executory contracts, whose Claims have arisen subsequent to the Filing Date as a result of the restructuring, repudiation or termination of such contracts;
 - (iv) the Claim of any of the Corporation's employees terminated by the Corporation subsequent to the Filing Date and before the commencement of the Meeting of Creditors;
 - (v) any lien claimants or claimants under the *Repair and Storage Liens Act*, R.S.O. 1990, CHAPTER R.25 whose claims were not perfected and registered prior to the Filing Date;
 - (vi) any deficiency claim of any Secured Creditor as further described in Section 4 of this Proposal;
 - (vii) whose Claims arose by any other reason prior to the Filing Date; or
 - (viii) whose Claims are not secured pursuant to Sections 2 and 136 of the Act or preferred under or pursuant to Section 136 of the Act or which, for the purposes of this Proposal, have had any security held in respect of such Claim, assessed as having a nil value.
- (gg) **"Voting Letter"** shall mean the voting letter required by Section 51(1) of the Act to be mailed to each known Creditor prior to the Creditors' Meeting.

Purpose of Proposal

2. The purpose of this Proposal is to effect a restructuring of the business and affairs of the Corporation in the expectation that all Creditors will derive a greater benefit from the orderly sale of the assets of the Corporation than would result from a forced liquidation of its assets.

Unaffected Secured Creditors

3. Unaffected Secured Creditors shall not be affected by this Proposal and shall be entitled to repayment in full of all funds owing in accordance with the terms of the agreements between the



Corporation and each of the Unaffected Secured Creditors. The Unaffected Secured Creditors may elect, in their sole discretion, to compromise any or all of their claim and file a claim in this Proposal as an Unsecured Creditor and participate in accordance with the Act and the terms of this Proposal.

Secured Creditors

4. Secured Creditors, if any, shall be permitted to proceed fully in accordance with their rights as Secured Creditors to realize upon any security in their possession and remaining uninterrupted in their possession since the Filing Date, provided that this right shall be subject to any arrangements made between the Corporation and any Secured Creditor and subject to the rights of any prior ranking Secured Creditors. Secured Creditors who have either a liquidated or anticipated deficiency:

- (a) after realization of their security; or
- (b) if there is no security available against which they can realize upon as a result of the priority of their Claims,

shall be entitled to file as Unsecured Creditors for such deficiency. The security held by Secured Creditors, including, without limitation, all prescribed security interests of Her Majesty the Queen in Right of Canada or any province, if any, shall be released upon payment of the amounts owing to such Secured Creditors under this Proposal.

Proposal for Unsecured Creditors

5. All Unsecured Creditors shall form part of a single class of Unsecured Creditors for voting and distribution purposes.

6. On the Distribution Date, the Trustee will pay to the Unsecured Creditors, in full and final payment and settlement of their Proven Claim without interest or penalty, the following amounts:

- (a) Unsecured Creditors will be paid their *pro rata* share of the Proposal Proceeds. If the Proposal Proceeds exceed the Maximum Dividend Amount, such excess amount shall be paid to the Corporation.
- (b) Unsecured Creditors will accept the payments provided for in this Part in complete satisfaction of all their Claims and all liens, certificates of pending litigation, executions, security interests or any other similar charges or actions or proceedings in respect of such Claims will have no effect in law or in equity against the property,

assets and undertaking of the Corporation, all of which shall be released upon payment of the amounts provided for in this Part. The Unsecured Creditors shall take such actions and do such other things as are necessary, at their sole cost, to file or record any required discharges of any of the foregoing.

Preferred Claims and Mandatory Payments

7. Amounts, if any:
- (a) owing to Her Majesty in Right of Canada or a province, as enumerated in Section 60 (1.1) of the Act, shall be paid in full within six (6) months following Approval;
 - (b) owing to employees and former employees, if any, that they would have been qualified to receive payment under Section 136(1)(d) of the Act if the Corporation became bankrupt on the Filing Date, shall be paid immediately following Approval; and
 - (c) any Proven Claim in respect of a Preferred Claim, without interest, shall be paid in full and in priority to all Unsecured Claims.
8. For the purpose of voting, the Preferred Claims shall fall within the class of Unsecured Claims.
9. For the purposes of this Proposal, Administrative Fees and Expenses incurred or accrued as at and after the date of the filing of this Proposal, will be paid from the Proposal Fund in priority to all Claims of Unsecured Creditors.

Funds Payable Under Proposal

10. The Corporation's assets consist primarily of two parcels of real property the Brampton Real Property and the Etobicoke Real Property. The Corporation will use its reasonable best efforts to sell the Brampton Real Property and the Etobicoke Real Property on commercially reasonable terms. The Corporation shall keep the Trustee informed as to all listing agreements entered into, all offers received, all agreements entered into and generally all activity pertaining the Corporation's efforts to sell the Brampton Real Property and the Etobicoke Real Property. The Corporation shall provide the Trustee with such further information and documentation pertaining the Corporation's efforts to sell the Brampton Real Property and the Etobicoke Real Property as the Trustee may reasonably request. The Corporation shall pay the Net Sale Proceeds to the Trustee within 7 days of Closing.
11. The Trustee will distribute the Net Sale Proceeds to Creditors in the following order:

- (i) payment of claims under Section 224(1.2) of the *Income Tax Act* or any similar claims under provincial legislation or any provision of the Canadian Pension Plan or the *Employment Insurance Act* that refers to Section 224 (1.2) of the *Income Tax Act* or similar provincial legislation, if any;
- (ii) payment of any Proven Claims in respect of a Preferred Claim, without interest;
- (iii) payment of Administrative Fees and Expenses incurred or accrued as at and after the date of the filing of this Proposal;
- (iv) payment of the remaining in respect of Unsecured Claims to a maximum of the Maximum Dividend Amount; and
- (v) the balance, if any, shall be returned to the Corporation.

12. Any such payments made by the Trustee to Creditors hereunder shall be made by the Trustee net of any levies payable or due under the Act.

Stay of Proceedings

13. During the administration of this Proposal, each Creditor, other than the Unaffected Secured Creditors, will be stayed from commencing or continuing any proceeding or remedy against any of the Corporation's Directors in accordance with Section 69.31 of the Act and the Corporation or its property based upon a Claim existing on or before the Filing Date, or whose Claim has arisen after the Filing Date as a result of the termination, repudiation or restructuring of any contract, lease, license, equipment lease, employment relationship or other agreement after the Filing Date including, without limitation, any proceeding or remedy to recover payment of such Claim, and subject only to Section 4 of this Proposal, to realize against any security granted in respect of such Claim, to recover or enforce a judgment against the Corporation in respect of such Claim or to initiate any proceedings against it under any applicable bankruptcy, insolvency or other laws in respect of such Claim, other than an application or proceeding in connection with this Proposal.



Allowance or Disallowance of Claims by the Trustee

14. Upon receipt of a completed Proof of Claim, the Trustee shall examine the proof of claim and shall allow or disallow same, and shall notify each Creditor who claim is disallowed in whole or in part of the amount of its Proven Claim, all in accordance with the provisions of the Act.

Unsecured Creditors Meeting

15. On the Creditor's Meeting Date, the Corporation shall hold the Creditor's Meeting in order for the Creditors to consider and vote upon the Proposal.

Time and Place of the Meeting

16. Unless otherwise ordered by the Court, the Creditor' meeting shall be held at a time and place to be established by the Official Receiver, or the nominee thereof and confirmed in its notice of meeting to be mailed pursuant to the Act. All Proofs of Claim shall be delivered in accordance with the provisions of the Proposal, the Act and any Order which may be issued by the Court in respect of the procedure governing the Creditors' Meeting. The Creditor's Meeting will take place at 1:30 p.m. on October 31, 2014 at the office of the Trustee 1 City Centre Drive, Suite 1040, Mississauga, Ontario.

Voting by Creditors

17. To the extent provided for herein, each Creditor will be entitled to vote to the extent of the amount which is equal to the Creditors' Proven Claim.

Approval by Creditors

18. In order that the Proposal be binding on all of the Unsecured Creditors of the Corporation in accordance with the Act, it must first be accepted by the Unsecured Creditors as prescribed by the Proposal by a majority in number of the Unsecured Creditors who actually vote upon the Proposal (in person or by proxy) at the Creditor's Meeting or by a Voting Letter, which numerical majority represents two-thirds in value of the Proven claims or the Unsecured Creditors who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

Valuation of Claims

19. The procedure for valuing claims of Unsecured Creditors and resolving disputes with respect to such Claims will be as set forth in paragraph 13 of this Proposal and the Act. The Corporation and/or the Trustee reserve the right to seek the assistance of the Court in valuing the Claim of any Creditor, if

required to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Unsecured Creditor under the Proposal, as the case may be.

20. For the purposes of this Proposal, Creditors will receive the treatment provided in this Proposal on account of their Claims. Notwithstanding any other provisions of this Proposal, if any claim is disputed or disallowed, the Trustee shall not make any payments on account of the disputed or disallowed Claim; however, the Trustee may nevertheless make provisions for payments in that regard by retaining sufficient funds to pay such a disputed or disallowed Claim until such Claim is either recognized as a valid Claim (in accordance with the process and timing provided for in the Act for appealing disallowances of Claims) or further arrangements are made by the Trustee, with the approval of the Inspectors, with respect to the valuation and / or treatment of such Claim.

Meeting of Creditors

21. (a) At the meeting of the Unsecured Creditors to be held to consider the Proposal, the Creditors may appoint one or more but not exceeding five persons to act as Inspectors, whose powers shall be limited to:

- (i) advising the Trustee from time to time with respect to any matter that the Trustee may refer to them;
 - (ii) advising the Trustee concerning any dispute which may arise as to the validity of Claims of Unsecured Creditors;
 - (iii) authorizing an extension of time for payments due to the Unsecured Creditors pursuant to this Proposal;
 - (iv) reviewing any default in the performance of the Proposal by the Debtor and waiving any such default, if in their opinion it is advisable to do so; and
 - (v) approving the Trustee's final accounts in respect of all receipts and disbursements relating to the administration of this Proposal.
- (b) Any decision, direction or act of the Inspectors may be referred to the Court by the Trustee and the Court may confirm, reverse or modify the decision, direction to act and make such Order as it thinks just.

- (c) The authority and term of office of the Inspectors will terminate upon the Trustee having obtained the approval of the Inspectors to its final accounts in respect of all receipts and disbursements relating to the administration of this Proposal.
- (d) The chairperson may adjourn the meeting of creditors upon such terms as are considered appropriate by the chairperson for the purpose of considering any amendments, variations, modifications or supplements to this Proposal.

Claim Bar

22. Creditors wishing to assert a Claim shall deliver to the Trustee a Proof of Claim on or before the Claims Bar Date.

23. All Creditors who do not deliver to the Trustee a Proof of Claim on or before the Claims Bar Date shall be forever extinguished and barred from and after said time and all such Creditors shall be deemed to have fully and finally released all such Claims against the Corporation and the Net Sale Proceeds.

Goods or Services Given After Filing Date

24. All Post-Filing Claims shall be paid in full in the ordinary course by the Corporation. The Corporation shall dispose of no assets other than as contemplated by this Proposal, or other than in the normal and regular course of its ongoing business. The Corporation agrees that the Trustee shall not in any case be responsible for ensuring that payment is duly made pursuant to this paragraph 21 and to all those persons supplying Post Filing goods or services. All Creditors hereby release and forever discharge the Trustee from any and all liability relating to the Corporation's non-payment of any liabilities under this paragraph.

Trustee

25. The Trustee may apply for its discharge from its obligations under the terms of this Proposal and the Proposal will be "fully performed" for the purposes of Section 65.3 upon the earlier of:

- (a) Payment in full of all claims referred to in clauses 11 (i) through (iv) hereof; and
- (b) Completion of the distribution of all Proposal Proceeds.

26. The Trustee is acting in its capacity as Trustee under this Proposal, and not in its personal capacity and shall not be responsible or liable for any obligations of the Corporation.

Amendment

27. This Proposal may be amended by the Corporation with the consent of the Trustee at any time prior to the conclusion of the meeting of Unsecured Creditors called to consider the Proposal, provided that any amendment made pursuant to this paragraph shall not reduce the rights and benefits given to the Creditors under the Proposal before any such amendment, and provided further that any and all amendments shall be deemed to be effective as of the Filing Date of the Proposal.

Release of Directors

28. Upon the Approval Date, the Released Parties shall be released and discharged by all Creditors from all Claims, which any Creditors may have or have been entitled to assert against any of the Released Parties for which they would be, by law, liable in their capacity as Directors for the payment of such Claims, provided that nothing herein shall release or discharge any of the Released Parties from Claims that:

- (a) Relate to contractual right of one or more of the Creditors arising from contract with one or more of the Released Parties; or
- (b) Are based on allegations of misrepresentation made by the Released Parties to the Creditors or of wrongful or oppressive conduct by the Released Parties.

Other Matters

29. Sections 91 to 101 of the Act, and any other statute dealing with creditors' rights, shall not apply to any dealings by the Corporation.

30. The Claims of all Creditors that are payable in a currency other than Canadian currency shall be converted to Canadian currency according to the exchange rate as at the Filing Date.

A handwritten signature or set of initials, possibly 'J/S', written in black ink.

Further Actions

31. The Corporation and the Creditors will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated hereby.

Performance Certificate

32. The Trustee will give the Corporation and the Official Receiver the certificate provided for in Section 65.3 of the Act on the date that all payments hereunder have been made.

[Signature Page Follows]

A handwritten signature or set of initials, possibly "J/S", written in black ink in the bottom right corner of the page.

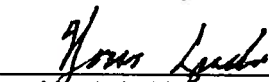
DATED AT TORONTO this 10th day of October, 2014.

1268549 ONTARIO INC.

Per: 
Morris Leider
President

I have authority to bind the Corporation

LEIDER PROPERTIES INC.

Per: 
Morris Leider
President

I have authority to bind the Corporation

District of: Ontario
 Division No. 09 - Mississauga
 Court No. 32-1859238
 Estate No. 32-1859238

Original Amended

- Form 78 -

Statement of Affairs (Business Proposal) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

1268549 ONTARIO INC.
 OF THE CITY OF BRAMPTON,
 IN THE REGIONAL MUNICIPALITY OF PEEL,
 IN THE PROVINCE OF ONTARIO.


To the debtor:

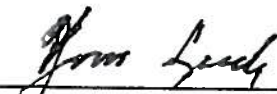
You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 10th day of October 2014. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A" 11,800.00	1. Inventory 0.00
Balance of secured claims as per list "B" 0.00	2. Trade fixtures, etc. 0.00
Total unsecured creditors 11,800.00	3. Accounts receivable and other receivables, as per list "E"
2. Secured creditors as per list "B" 6,577,371.00	Good 1,995,000.00
3. Preferred creditors as per list "C" 0.00	Doubtful 0.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for 0.00	Bad 0.00
Total liabilities 6,589,171.00	Estimated to produce 35,000.00
Surplus 6,170,829.00	4. Bills of exchange, promissory note, etc., as per list "F" 0.00
	5. Deposits in financial institutions 0.00
	6. Cash 0.00
	7. Livestock 0.00
	8. Machinery, equipment and plant 180,000.00
	9. Real property or immovable as per list "G" 12,545,000.00
	10. Furniture 0.00
	11. RRSPs, RRFIs, life insurance, etc. 0.00
	12. Securities (shares, bonds, debentures, etc.) 0.00
	13. Interests under wills 0.00
	14. Vehicles 0.00
	15. Other property, as per list "H" 0.00
	If debtor is a corporation, add:
	Amount of subscribed capital 0.00
	Amount paid on capital 0.00
	Balance subscribed and unpaid 0.00
	Estimated to produce 0.00
	Total assets 12,760,000.00
	Deficiency NIL

I, Morris Leider, of the City of Brampton in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 10th day of October 2014 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
 before me at the City of Mississauga in the Province of Ontario, on this 10th day of October 2014.


 Peter Naumis, Commissioner of Oaths
 For the Province of Ontario
 Expires Apr. 24, 2015


 Morris Leider

Peter Naumis, a Commissioner, etc., Province of Ontario,
 for BDO Canada LLP, Chartered Accountants and
 BDO Canada Limited, Trustee in Bankruptcy and
 their subsidiaries, associates and affiliates.
 Expires April 24, 2015.

District of: Ontario
Division No. 09 - Mississauga
Court No. 32-1859238
Estate No. 32-1859238

FORM 78 - Continued

List "A"
Unsecured Creditors

1268549 Ontario Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	CRA - Canada Revenue Agency - non-tax Programs Attn: London Tax Services Office Processing Systems Section - Bankruptcy 870405040RT0001	PO Box 2517, 451 Talbot St. 11th Flr. London ON N6A 4G9	250.00	0.00	250.00
2	Gilmore & Company LLP	2600 Skymark Avenue Mississauga ON L4W 5B2	11,300.00	0.00	11,300.00
3	Leider Properties Inc.	c/o Davis LLP 100 King St W Toronto ON M5X 1E2	250.00	0.00	250.00
Total:			11,800.00	0.00	11,800.00

10-Oct-2014

Date


Morris Leider

District of: Ontario
 Division No. 09 - Mississauga
 Court No. 32-1859238
 Estate No. 32-1859238

FORM 78 -- Continued

List "B"
 Secured Creditors

1268549 Ontario Inc.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	1318792 Ontario Ltd.	c/o Davis LLP 100 King St W Toronto ON M5X 1E2	657,121.00	Real Property or Immovable - Building and Land - Brampton - 14 Westwyn Court Real Property or Immovable - Building and Land - Toronto - 16 Jutland Road Business Assets - Machinery - Machinery & Equipment		657,121.00 0.00 0.00		
2	BDO Canada Limited	1040-1 City Centre Drive Mississauga ON L5B 1M2	215,000.00	Business Assets - Machinery - Machinery & Equipment Real Property or Immovable - Building and Land - Brampton - 14 Westwyn Court Real Property or Immovable - Building and Land - Toronto - 16 Jutland Road		180,000.00 35,000.00 0.00		
3	BMO	2 King Street West Kitchener ON N2G 1A3	250.00	Real Property or Immovable - Building and Land - Toronto - 16 Jutland Road Real Property or Immovable - Building and Land - Brampton - 14 Westwyn Court Business Assets - Machinery - Machinery & Equipment		250.00 0.00 0.00		
4	Cassels Brock & Blackwell LLP Attn: Mail Room Reception	2100 - 40 King Street West Toronto ON M5H 3C2	124,000.00	Business Assets - Machinery - Machinery & Equipment Real Property or Immovable - Building and Land - Brampton - 14 Westwyn Court Real Property or Immovable - Building and Land - Toronto - 16 Jutland Road		0.00 124,000.00 0.00		

10-Oct-2014

Date


 Morris Leider

District of: Ontario
 Division No. 09 - Mississauga
 Court No. 32-1859238
 Estate No. 32-1859238

FORM 78 -- Continued

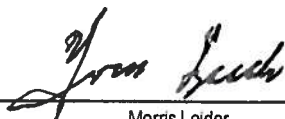
List "B"
 Secured Creditors

1268549 Ontario Inc.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
5	Davis LLP - Toronto	1 First Canadian Place Suite 5600 PO Box 367 100 King Street West Toronto ON M5X 1E2	143,000.00	Business Assets - Machinery - Machinery & Equipment Real Property or Immovable - Building and Land - Brampton - 14 Westwyn Court Real Property or Immovable - Building and Land - Toronto - 16 Jutland Road		0.00 143,000.00 0.00	 2,397,879.00 3,749,750.00	
6	Gilmore & Company LLP	2600 Skymark Avenue Mississauga ON L4W 5B2	59,000.00	Business Assets - Machinery - Machinery & Equipment Real Property or Immovable - Building and Land - Brampton - 14 Westwyn Court Real Property or Immovable - Building and Land - Toronto - 16 Jutland Road		0.00 59,000.00 0.00		
7	Harbour First Mortgage Fund GP Inc.	36 Toronto Street, Suite 500 Toronto ON M5C 2C5	3,750,000.00	Real Property or Immovable - Building and Land - Brampton - 14 Westwyn Court Real Property or Immovable - Building and Land - Toronto - 16 Jutland Road Business Assets - Machinery - Machinery & Equipment		3,750,000.00 0.00 0.00		
8	Leider, Morris	c/o Davis LLP 100 King St W Toronto ON M5X 1E2	1,629,000.00	Real Property or Immovable - Building and Land - Brampton - 14 Westwyn Court Real Property or Immovable - Building and Land - Toronto - 16 Jutland Road Business Assets - Machinery - Machinery & Equipment		1,629,000.00 0.00 0.00		
Total:			6,577,371.00			6,577,371.00	6,147,629.00	0.00

10-Oct-2014

Date


 Morris Leider

District of: Ontario
Division No. 09 - Mississauga
Court No. 32-1859238
Estate No. 32-1859238

FORM 78 -- Continued


List "C"
Preferred Creditors for Wages, Rent, etc.

1268549 Ontario Inc.

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

10-Oct-2014

Date


Morris Leider

District of: Ontario
Division No. 09 - Mississauga
Court No. 32-1859238
Estate No. 32-1859238

FORM 78 - Continued


List "D"
Contingent or Other Liabilities

1268549 Ontario Inc.

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
Total:			0.00	0.00		

10-Oct-2014

Date


Morris Leider

District of: Ontario
 Division No. 09 - Mississauga
 Court No. 32-1859238
 Estate No. 32-1859238

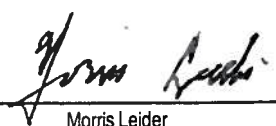
FORM 78 -- Continued

List "E"
 Debts Due to the Debtor
 1268549 Ontario Inc.

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
1	European Quality Meats & Sausages	14 Westwyn Court Brampton ON L6T 4T5	Intercompany Receivable	1,960,000.00 0.00 0.00		01-Jan-2012	0.00	None
2	HST Refund - 870405040 RT0001	1050 Notre Dame Avenue Sudbury ON P3A 5C1	HST Refund	35,000.00 0.00 0.00		01-Oct-2014	35,000.00	None
Total:				1,995,000.00 0.00 0.00			35,000.00	

10-Oct-2014

Date



Morris Leider

District of: Ontario
Division No. 09 - Mississauga
Court No. 32-1859238
Estate No. 32-1859238

FORM 78 -- Continued

List "F"

Bills of Exchange, Promissory Notes, Lien Notes, Chattel
Mortgages, etc., Available as Assets

1268549 Ontario Inc.

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
Total:				0.00		0.00	

10-Oct-2014

Date


Morris Leider

District of: Ontario
 Division No. 09 - Mississauga
 Court No. 32-1859238
 Estate No. 32-1859238

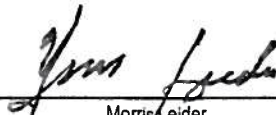
FORM 78 - Continued

List "G"
 Real Property or Immovables Owned by Debtor
 1268549 Ontario Inc.

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Building and Land - Brampton - 14 Westwyn Court	-	Morris Leider	8,795,000.00	Harbour First Mortgage Fund GP Inc. 36 Toronto Street, Suite 500 Toronto ON M5C 2C5 3,750,000.00 BMO 2 King Street West Kitchener ON N2G 1A3 250.00 Davis LLP - Toronto 1 First Canadian Place Suite 5600 PO Box 367 100 King Street West Toronto ON M5X 1E2 143,000.00 Cassels Brock & Blackwell LLP 2100 - 40 King Street West Toronto ON M5H 3C2 124,000.00 BDO Canada Limited 1040-1 City Centre Drive Mississauga ON L5B 1M2 215,000.00 Gilmore & Company LLP 2600 Skymark Avenue Mississauga ON L4W 5B2 59,000.00 1318792 Ontario Ltd. c/o Davis LLP 100 King St W Toronto ON M5X 1E2 657,121.00 Leider, Morris c/o Davis LLP 100 King St W Toronto ON M5X 1E2 1,629,000.00	2,397,879.00

10-Oct-2014

Date


 Morris Leider

District of: Ontario
 Division No. 09 - Mississauga
 Court No. 32-1859238
 Estate No. 32-1859238

FORM 78 - Continued

List "G"
 Real Property or Immovables Owned by Debtor
 1268549 Ontario Inc.

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Building and Land - Toronto - 16 Jutland Road		Morris Leider	3,750,000.00	BMO 2 King Street West Kitchener ON N2G 1A3 250.00 Harbour First Mortgage Fund GP Inc. 36 Toronto Street, Suite 500 Toronto ON M5C 2C5 3,750,000.00 Davis LLP - Toronto 1 First Canadian Place Suite 5600 PO Box 367 100 King Street West Toronto ON M5X 1E2 143,000.00 Cassels Brock & Blackwell LLP 2100 - 40 King Street West Toronto ON M5H 3C2 124,000.00 BDO Canada Limited 1040-1 City Centre Drive Mississauga ON L5B 1M2 215,000.00 Gilmore & Company LLP 2600 Skymark Avenue Mississauga ON L4W 5B2 59,000.00 1318792 Ontario Ltd. c/o Davis LLP 100 King St W Toronto ON M5X 1E2 657,121.00 Leider, Morris c/o Davis LLP 100 King St W Toronto ON M5X 1E2 1,629,000.00	3,749,750.00
Total:			12,545,000.00		6,147,629.00

10-Oct-2014

Date


 Morris Leider

District of: Ontario
Division No. 09 - Mississauga
Court No. 32-1859238
Estate No. 32-1859238

FORM 78 -- Concluded

List "H"
Property

1268549 Ontario Inc.

FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant		Machinery & Equipment	0.00	180,000.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
(m) Other			0.00	0.00
			Total:	180,000.00

10-Oct-2014

Date


Morris Leider

Court No. 32-1859238

File No. 32-1859238

1268549 ONTARIO INC.
OF THE CITY OF BRAMPTON,
IN THE REGIONAL MUNICIPALITY OF PEEL,
IN THE PROVINCE OF ONTARIO.

Form 78 (Bill C-12)
Statement of affairs (Business bankruptcy)

BDO Canada Limited / BDO Canada Limitée -
Trustee
1 City Centre Drive Suite 1040
Mississauga ON L5B 1M2
Phone: (905) 615-8787 Fax: (905) 615-1333



BDO Canada Limited
 1 City Centre Drive, Suite 1040
 Mississauga ON L5B 1M2 Canada
 Tel: 905 615 8787
 Fax: 905 615 1333

Proof of Claim - FORM 31

(Section 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1), and Paragraphs 51(1)(e) and 66.14(b) of the Act)

All notices or correspondence regarding this claim must be forwarded to the following address:

In the matter of the bankruptcy (or the proposal, or the receivership) of _____ (name of debtor) of _____ (city and province) and the claim of _____, creditor.

I, _____ (name of creditor or representative of the creditor), of _____ (city and province), do hereby certify:

1. That I am a creditor of the above-named debtor (or that I am _____ (state position or title) of _____ (name of creditor or representative of the creditor)).
2. That I have knowledge of all of the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of bankruptcy (or the date of the receivership, or in the case of a proposal, the date of the notice of intention or of the proposal, if no notice of intention was filed), namely the _____ day of _____, 20____, and still is, indebted to the creditor in the sum of \$_____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. **(The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)**

4. (Check and complete appropriate category.)

- A. UNSECURED CLAIM OF \$_____. **(Other than as a customer contemplated by Section 262 of the Act).**

That in respect of this debt, I do not hold any assets of the debtor as security and **(Check appropriate description.)**

- Regarding the amount of \$_____, I claim a right to a priority under section 136 of the Act.
 Regarding the amount of \$_____, I do not claim a right to a priority. **(Set out on an attached sheet details to support priority claim.)**

- B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$_____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows: **(Give full particulars of the claim, including the calculations upon which the claim is based.)**

- C. SECURED CLAIM OF \$_____

That in respect of this debt, I hold assets of the debtor valued at \$_____ as security, particulars of which are as follows: **(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)**

- D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$_____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$_____. **(Attach a copy of sales agreement and delivery receipts.)**

- E. CLAIM BY WAGE EARNER OF \$_____

- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$_____
 That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$_____

- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$_____

- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$_____
 That I hereby make a claim under subsection 81.6 of the Act in the amount of \$_____

G. CLAIM AGAINST DIRECTOR \$_____ (To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows: (Give full particulars of the claim, including the calculations upon which the claim is based.)

H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$_____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows: (Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of section 4 of the Act, and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of subsection 2(1) of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.

I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____, 20_____.

Witness

Creditor

Phone Number: _____

Fax Number: _____

Email Address: _____

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits. WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor. Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

General Proxy

(Paragraphs 51(1)(e) and 66.15(3)(b) and subsections 102(2))

In the matter of the bankruptcy / proposal / consumer proposal / receivership) of _____ (name of debtor) of _____ (city and province) and the claim of _____, creditor.

I / We _____ (name of creditor or representative of the creditor), of _____ (city and province), a creditor in the above matter, hereby appoint _____ of _____ to be my/our general proxy in the above matter except as to the receipt of dividends, with / without power to appoint another general proxy in his or her place.

Dated at _____, this _____ day of _____, 20_____.

Witness

Individual Creditor

Name of Corporate Creditor

Per: _____

Name and Title of Signing Officer

Witness

CANADA
PROVINCE OF ONTARIO
ESTATE NO: 32-1859238
COURT NO: 32-1859238

IN THE MATTER OF THE PROPOSAL OF

1268549 ONTARIO INC.

VOTING LETTER

I, _____

of _____

a creditor in the above matter for the sum of \$ _____, hereby request the
Trustee of the said proposal to record my vote

FOR

AGAINST

the acceptance of the proposal of the said debtor as filed with the Official Receiver on.

Dated at _____,

this ____ day of _____.

Signature of witness

Signature of creditor

Note: A person is not entitled to vote unless the Proof of Claim has been lodged with the Trustee before the time appointed for the meeting. In the case of a corporation, the Voting Letter should be accompanied by an appropriate resolution.